

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1360-01  
Bill No.: HB 965  
Subject: Medicaid; Health Care  
Type: Original  
Date: March 3, 2015

---

Bill Summary: This proposal changes the laws regarding the provision of telehealth services under the MO HealthNet program.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>          |                  |                  |                  |
|--|------------------|------------------|------------------|
| FUND AFFECTED  | FY 2016          | FY 2017          | FY 2018          |
| General Revenue  | (Unknown)        | (Unknown)        | (Unknown)        |
| <b>Total Estimated<br/>Net Effect on<br/>General Revenue</b> | <b>(Unknown)</b> | <b>(Unknown)</b> | <b>(Unknown)</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>                      |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2016    | FY 2017    | FY 2018    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated<br/>Net Effect on <u>Other</u><br/>State Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                          |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2016    | FY 2017    | FY 2018    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>Federal Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |          |          |          |
|---|----------|----------|----------|
| FUND AFFECTED   | FY 2016  | FY 2017  | FY 2018  |
|   |          |          |          |
|   |          |          |          |
| <b>Total Estimated<br/>Net Effect on<br/>FTE</b>          | <b>0</b> | <b>0</b> | <b>0</b> |

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED                              | FY 2016    | FY 2017    | FY 2018    |
| <b>Local Government</b>                    | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

## **FISCAL ANALYSIS**

### **ASSUMPTION**

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

**Oversight** assumes the proposal will have an unknown fiscal impact to the state. The provisions of this proposal require the Department of Social Services (DSS) to develop a system to reimburse providers of services under the MO HealthNet program for services performed using telemedicine. Oversight notes DSS is to establish separate provider identifiers for telemedicine medical service providers, telehealth service providers, and home telemonitoring service providers as well as separate modifiers for services eligible for reimbursement. Oversight assumes there would be increased costs associated with the provision of services and the equipment necessary to transmit information. In addition, Oversight assumes there would be significant Information Technology Services Division (ITSD) contract costs related to setting up the information technology portion of this proposal.

In addition to costs to the General Revenue Fund, Oversight assumes there will be an impact on federal funds. Since the federal matching percentage for costs associated with this proposal are unknown, Oversight is not presenting federal funds in the fiscal note. However, the net effect on federal funds will be \$0 as costs are offset by a corresponding increase in reimbursements.

Officials from the **Department of Health and Senior Services** and the **Joint Committee on Administrative Rules** assume the proposal would not fiscally impact their agency.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

| <u>FISCAL IMPACT - State Government</u>              | FY 2016<br>(10 Mo.) | FY 2017 | FY 2018 |
|--|---------------------|---------|---------|
| <b>GENERAL REVENUE FUND</b><br>(§§208.680 - 208.686) |                     |         |         |

Costs - DSS and OA- ITSD

ITSD development and implementation costs, equipment and supplies, and telehealth service provider payments

|                  |                  |                  |
|------------------|------------------|------------------|
| <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
|------------------|------------------|------------------|

|   |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
| <b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b> | <b><u>(Unknown)</u></b> | <b><u>(Unknown)</u></b> | <b><u>(Unknown)</u></b> |
|---|-------------------------|-------------------------|-------------------------|

| <u>FISCAL IMPACT - Local Government</u> | FY 2016<br>(10 Mo.) | FY 2017           | FY 2018           |
|---|---------------------|-------------------|-------------------|
|   | <b><u>\$0</u></b>   | <b><u>\$0</u></b> | <b><u>\$0</u></b> |

FISCAL IMPACT - Small Business

This proposal could have a significant positive fiscal impact on small business health care providers, especially those that provide telemedicine and telehealth -related services.

FISCAL DESCRIPTION

This proposal provides that the Department of Social Services shall develop and implement a system to reimburse providers of services under the MO HealthNet program for services performed using telemedicine medical services or telehealth services. The department is to provide for an approval process before a provider may receive reimbursement for services, consult with the Department of Health and Senior Services to establish procedures to identify clinical evidence supporting delivery of health care using a telecommunications system, annually review health care services to determine whether reimbursement for particular services should be denied or authorized, and establish separate provider identifiers for various service providers and modifiers for the medical services.

FISCAL DESCRIPTION (continued)

The department is to encourage health care providers and facilities to participate as telemedicine medical service providers or telehealth service providers in the health care delivery system but shall not require that a service be provided to a patient through telemedicine/telehealth systems if the service can be reasonably provided by a physician through a face-to-face consultation. It is no prohibited to authorize the provision of any service through telemedicine/telehealth if it is at the patient's request.

The department may adopt rules as necessary to implement the provisions of the proposal and in such rules, the department shall refer to the site where the patient is physically located and the site where the physician or health care professional providing the telemedicine/telehealth service is physically located.

The department shall not reimburse a health care facility for telemedicine/telehealth services provided to a MO HealthNet recipient unless the facility complies with minimum standards as outlined in the proposal.

No later than December first of each even-numbered year, the department shall report to the speaker of the house of representatives and the president pro tempore of the senate on the effects of telemedicine/telehealth service and home telemonitoring services.

The department is to establish and adopt minimum standards for an operating system used in the provision of telemedicine/telehealth services or home telemonitoring services by a health care facility participating in the MO HealthNet program including standards for electronic transmission, software, and hardware.

If the department determines that establishing a statewide program that permits reimbursement under the MO HealthNet program for home telemonitoring services would be cost effective and feasible, the department shall by rule, establish the program. Program specifics are provided. However, if after implementation, the department determines the program is not cost effective, the department may discontinued the program.

The department shall determine whether the provision of home telemonitoring services to persons eligible to receive benefits under both MO HealthNet and Medicare achieves cost savings for the Medicare program.

Not later than December 31, 2016, the department is to submit a report to the governor, the president pro tempore of the senate, and the speaker of the house of representatives regarding the establishment and implementation of the program.

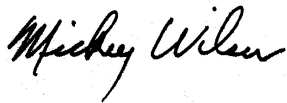
FISCAL DESCRIPTION (continued)

If, before implementing any provision of the section, it is determined that a waiver is necessary, the department shall request the waiver or authorization and may delay implementing the provision until the waiver or authorization is granted

This legislation is not federally mandated, would not duplicate any other program but may require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services  
Joint Committee on Administrative Rules  
Office of Secretary of State



Mickey Wilson, CPA  
Director  
March 3, 2015

Ross Strobe  
Assistant Director  
March 3, 2015